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NEWS RELEASE

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Auditor of State Mary Mosiman today released a report on a special investigation of several bank accounts associated with student activities of the Clarinda Community School District (District) for the period January 1, 2015 through May 2, 2017. The special investigation was requested by District officials due to concerns regarding bank accounts established and maintained outside of the District's financial reporting process for certain student activities.

Mosiman reported the special investigation identified 10 non-District bank accounts administered by District employees, of which 6 were associated with the District or District activities and should have been maintained by the District and included in the District's financial records. Collections improperly deposited to the 6 bank accounts for the period reviewed totaled \$48,541.78. It was also determined District funds for an additional activity were comingled with the sponsors' personal funds in their joint personal bank account. Because it was not possible to determine the amounts collected for the activity, the District's collections are not included in the \$48,541.78 identified.

Mosiman also reported an improperly handled transaction not associated with a separate bank account was identified which totaled \$496.00. The transaction involved a check issued to the District but endorsed over to the High School softball coach by a District official. The proceeds from the check were used to purchase items not customarily funded by the District.

In addition, Mosiman reported it was not possible to determine if additional collections from fundraisers or participant fees were not properly deposited during the period reviewed because adequate records were not available.

Depositing collections to non-District bank accounts prevents the collections from being subject to the District's oversight and approval processes to ensure the collections were properly accounted for and used for appropriate purposes. Mosiman reported \$20,998.49 of improper and

unsupported disbursements were identified from the 6 bank accounts. Mosiman also reported because supporting documentation was not available for most disbursements from the bank accounts, the propriety of all the disbursements was not readily apparent and it was not possible to determine if additional amounts were improperly disbursed. As a result of reviews performed, 5 of the 6 accounts were closed and the funds from the accounts were remitted to the District.

The report includes a recommendation to ensure all bank accounts associated with the District or District activities are reviewed and approved by the Board prior to their establishment and, if appropriate, activity is reflected in the District's Student Activity Fund in accordance with section 291.6 of the *Code of Iowa*. In addition, the report includes a recommendation to ensure all fundraising events are properly approved and sufficient supporting documentation is maintained for all fundraising activities and disbursements.

Copies of this report have been filed with the Page County Attorney's Office, the Attorney General's Office, and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1630-1197-BE00>.

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